

National Credit Union Administration

§ 742.3

of the last day of the most recently ended reporting period preceding the conversion or merger date”) times eleven-twelfths (its “modified premium/distribution ratio”), or based on about \$18.33 million. Note that NCUA might have already have invoiced Anytown for the premium sometime between February 12 and Anytown’s merger on November 15. If so, Anytown will likely receive a refund of some of this earlier premium, as provided in the last sentence of § 741.1(j)(1)(iii), since it may have overpaid the earlier premium.

[74 FR 63281, Dec. 3, 2009]

EFFECTIVE DATE NOTE: At 74 FR 63281, Dec. 3, 2009, appendix A to part 741 was added, effective Jan. 4, 2010.

PART 742—REGULATORY FLEXIBILITY PROGRAM

Sec.

742.1 Regulatory Flexibility Program.

742.2 Criteria to qualify for RegFlex designation.

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AUTHORITY: 12 U.S.C. 1756, 1766.

SOURCE: 71 FR 4039, Jan. 25, 2006, unless otherwise noted.

§ 742.1 Regulatory Flexibility Program.

NCUA’s Regulatory Flexibility Program (RegFlex) exempts from all or part of the NCUA regulatory restrictions identified elsewhere in this part credit unions that demonstrate sustained superior performance as measured by CAMEL rating and net worth classification. RegFlex credit unions also are authorized to purchase and hold an expanded range of obligations.

§ 742.2 Criteria to qualify for RegFlex designation.

(a) *Automatic qualification.* A credit union automatically qualifies for RegFlex designation, without formal notification, when it has:

(1) *CAMEL.* Received a composite CAMEL rating of “1” or “2” for the two (2) preceding examinations; and

(2) *Net worth.* Maintained a net worth classification of “well capitalized” under part 702 of this chapter for six (6) consecutive preceding quarters or, if subject to a risk-based net worth (RBNW) requirement under part 702 of this chapter, has remained “well cap-

italized” for six (6) consecutive preceding quarters after applying the applicable RBNW requirement.

(b) *Application for designation.* A credit union that does not automatically qualify under paragraph (a) of this section may apply for a RegFlex designation, which may be granted in whole or in part upon notification by the appropriate Regional Director, provided the credit union has either:

(1) *CAMEL.* Received a composite CAMEL rating of “3” or better for the preceding examination; or

(2) *Net worth.* Maintained a net worth classification of “well capitalized” under part 702 of this chapter for less than six (6) consecutive quarters or, if subject to an RBNW requirement under part 702 of this chapter, has remained “well capitalized” for less than six (6) consecutive preceding quarters after applying the applicable RBNW requirement.

§ 742.3 Loss and revocation of RegFlex designation.

(a) *Loss of authority.* RegFlex authority is lost when a credit union that qualified automatically under the CAMEL and net worth criteria in § 742.2(a) no longer meets either of those criteria. Once the authority is lost, the credit union may no longer claim the exemptions and authority set forth in § 742.4.

(b) *Revocation of authority.* The Regional Director may revoke a credit union’s RegFlex authority under § 742.2, in whole or in part, for substantive, documented safety and soundness reasons. When revoking RegFlex authority, the regional director must give written notice to the credit union stating the reasons for the revocation. The revocation is effective upon the credit union’s receipt of notice from the Regional Director.

(c) *Appeal of revocation.* A credit union has 60 days from the date of the regional director’s determination to revoke RegFlex authority to appeal the action, in whole or in part, to NCUA’s Supervisory Review Committee. The Regional Director’s determination will remain in effect unless and until the Supervisory Review Committee issues a different determination. If the credit union is dissatisfied with the decision